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Legal Harmonization and Fiscal Governance in Decentralized Waste Management: Rethinking Village Partnerships under Indonesia's HKPD Regime

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Abstract

This study analyzes the regulatory inconsistency between West Aceh Regency Regional Regulation No. 4 of 2017 on Waste Management and Regional Regulation No. 1 of 2024 on Regional Taxes and Fees, as reflected in the practice of village governments—acting as operational partners—directly deducting 35% of waste fees. This practice not only contradicts the gross principle in regional financial management under Law No. 1 of 2022 on Financial Relations between the Central Government and Regional Governments (HKPD Law), but also reflects a theoretical gap in the form of a conflict between demands for fiscal centralization and the principle of community-based governance in the delivery of public services at the village level. This situation raises administrative legal implications and the potential for the State Audit Agency to find local government losses attributable to village officials. Using a normative legal research method through a legislative and conceptual approach, the novelty of this study lies in the reconceptualization of the implementation of the gross principle, which is not rigidly interpreted as revenue centralization but rather as an accountability instrument that remains compatible with the operational decentralization scheme. The recommendation proposed is the reconstruction of norms based on Integrative Legal Theory through the transformation of the revenue-sharing scheme into a service payment scheme, wherein all mandatory retribution revenues must be deposited in full into the regional treasury and funding.

INTRODUCTION

The implementation of regional autonomy and government governance in the affairs of the Unitary State of the Republic of Indonesia has undergone significant changes over time, particularly following the enactment of Law No. 1 of 2022 on Financial Relations between the Central Government and Regional Governments (hereinafter referred to as the HKPD Law). The changes are intended to harmonize national fiscal policies so that they become more integrated, efficient, and accountable, while also strengthening regional autonomy through optimization of local revenue.[1] This transformation occurs within a broader global debate on OECD fiscal governance and decentralization theory. OECD emphasizes multi-level fiscal frameworks that balance vertical fiscal control with horizontal service subsidiarity, arguing that effective decentralization requires not only revenue assignment but also clear expenditure responsibility and accountability mechanisms. Meanwhile, decentralization theory highlights the tension between administrative compliance and local service responsiveness, especially at the sub-regional level where village partnerships operate. Most existing models assume harmonization through top-down fiscal consolidation, yet they pay little attention to village partnership-based revenue sharing as an operational layer.[2]

The case of Aceh Province differs due to its sui generis legal status under Law No. 11 of 2006 on the Government of Aceh. This status grants Aceh special authority to enact Qanun that address both administrative and sociocultural dimensions of local governance. In practice, this authority often creates disharmony between sectoral regulations and newer fiscal laws. This is evident in West Aceh Regency, where Qanun No. 4 of 2017 on Waste Management established a philosophical and operational foundation for collaboration between the local government and grassroots communities through Village-Owned Enterprises (BUMG). The Qanun aimed to decentralize waste services closer to the source to improve efficiency and coverage, particularly given geographical and bureaucratic constraints.[3]

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[1] Afifulloh, Afifulloh, Tunggul Anshari SN, and Shinta Hadiyantina. "Politik Hukum Pengaturan Pajak Dan Retribusi Daerah Pasca Undang-Undang Nomor 1 Tahun 2022 Tentang Hubungan Keuangan Antara Pemerintah Pusat Dan Pemerintahan Daerah." *Klausula (Jurnal Hukum Tata Negara, Hukum Adminitrasi, Pidana Dan Perdata)* 2, no. 2 (2023): 97-111.

[2] Zakaria, Rizky, and Dede Dede. "Optimalisasi Pendapatan Asli Daerah Provinsi Jawa Barat Sebagai Upaya Mewujudkan Kemandirian Fiskal." *Jurnal Pajak Indonesia (Indonesian Tax Review)* 6, no. 1 (2022): 47-59.

[3] Denisa, Elsa, Annisa Futri Azzahra, Alika Chairana Achtia, Muhammad Ilham Sabila, and Deden Najmudin. "Kedudukan dan Proses Legislasi Qanun Aceh dalam Sistem Hukum Nasional." *JURNAL LENTERA: Kajian Keagamaan, Keilmuan dan Teknologi* 24, no. 4 (2025): 1102-1114.

However, the follow-up Qanun No. 1 of 2024 on Regency Taxes and Fees, enacted as an implementation of the HKPD Law, introduced mandatory sanitation fees of Rp. 20,000 per month for the "Protocol Household" category. From a fiscal standpoint, the Qanun applies the Gross Principle, requiring all collected revenue to be deposited into the Local Government Treasury before allocation through APBK. This conflicts with the draft Cooperation Agreement between DLH and the Gampong Administration, which allows Gampong to retain 35% of collections for operational expenses such as fuel and staff honoraria, with 65% remitted to the Treasury. Under the HKPD Law, such retention outside the regional budget mechanism risks classification as illegal levies and may trigger BPK findings of state loss.

The conflict reveals a structural gap: there is no existing harmonization model that integrates village partnership-based revenue management with the Gross Principle mandated by national fiscal law. Current literature and practice focus either on macro-level fiscal balance or on service delivery, but not on the meso-level partnership arrangement between regency and village. This constitutes the research gap.

Based on the background above, the explicit research question of this study is: How can sanitation service fee standards be revised through a village partnership model to harmonize Qanun No. 4 of 2017 and Qanun No. 1 of 2024 while complying with the HKPD Law and maintaining fiscal accountability?Given this urgency, the study aims to reconstruct the regulatory framework so that village-based waste management can remain operationally viable and legally compliant. The reconstruction will be conducted through harmonization of the two Qanun, ensuring legal certainty for parties involved in the sanitation partnership scheme. This intention is reflected in the title: "Legal Harmonization and Fiscal Governance in Decentralized Waste Management: Rethinking Village Partnerships under Indonesia's HKPD Regime

METHODS

This research will be conducted using the normative legal research method, or, as it is more commonly known, the doctrinal legal research method.[4] The researcher chose to use the aforementioned research methods because they allow the researcher to focus the study on analyzing the various legal norms in force in Indonesia and to analyze existing issues using various legal principles and doctrines in line with developments in legal

[4] Sukmawan, Yulia Audina, and Dwi Damayanti. "Metode Penelitian Hukum Normatif dan Empiris sebagai Strategi Penguatan Perspektif Kajian Ilmu Hukum." *Notary Law Journal* 4, no. 3 (2025): 114-128.

scholarship. This research will be conducted using two approaches: the statutory approach and the conceptual approach..[5]

The statutory approach was chosen by the researcher in this study to examine various relevant regulations, such as the 1945 Constitution of the Republic of Indonesia, the Regional Government Law, the HKPD Law, Qanun No. 1 of 2024, and Qanun No. 4 of 2017.[6] The conceptual approach in this study was chosen by the researcher in order to analyze the issues using existing theories, such as the concept of discretion, the concept of harmonization, and the reconstruction of legislation.[7]

This research was also conducted by utilizing various legal materials as a basis for analysis, thereby assisting the researcher in comprehensively understanding, examining, and analyzing the issues raised in the research question. The use of these legal materials not only facilitates the identification of legal issues but also supports the development of a systematic argument grounded in statutory provisions and relevant legal doctrines.[8]

The legal materials used include primary legal sources such as laws and regulations and court decisions, as well as secondary legal sources such as academic journals, textbooks, and monitoring reports from state institutions. The analysis was conducted qualitatively using deductive techniques, namely analyzing legal issues from general problems to more specific ones, so that a conclusion could ultimately be drawn that answers the questions as stated in the research questions.

RESULT AND DISCUSSION

1. Conflict of Provisions Between West Aceh Regency Regulation No. 1 of 2024 and Regulation No. 4 of 2017

The inconsistency between Qanun No. 1 of 2024 and Qanun No. 4 of 2017 is, in fact, a direct consequence of the shift in the national paradigm—from one that was initially heavily focused on decentralization to one moving toward recentralization following the enactment of the HKPD Law, which was subsequently adopted rigidly and directly into various regulations in effect at the local level. When examined and considered in relation

[5] Permanasari, Tyasning, Suparto Wijoyo, Mas Rahmah, and Radian Salman. "Rekonstruksi Program Adipura sebagai Instrumen Good Environmental Governance dalam Pengelolaan Sampah Daerah." *Bina Hukum Lingkungan* 10, no. 2 (2026): 285-304.
[6] Usfunan, Jimmy Zeravianus, and Bagus Hermanto. "Dinamika Pendekatan Legislasi Dan Regulasi Dalam Peningkatan Kualitas Dan Ius Constituendum Perundang-Undangan Indonesia." *Konferensi Nasional Asosiasi Pengajar Hukum Tata Negara dan Hukum Administrasi Negara* 2, no. 1 (2024): 197-234.
[7] Wirayudha, M. Dicky. "Diskresi Penegak Hukum Dalam Sistem Peradilan Pidana: Harmonisasi Keadilan Prosedural dan Substantif." *HARISA: Jurnal Hukum, Syariah, dan Sosial* 2, no. 1) (2025): 170-185.
[8] Firmanto, Taufik, Sufiarina Sufiarina, Frans Reumi, and Indah Nur Shanty Saleh. *Metodologi penelitian hukum: Panduan komprehensif penulisan ilmiah bidang hukum*. PT. Sonpedia Publishing Indonesia, 2024.

to the issues surrounding these Qanuns, a conflict arises between the operational rights granted by Qanun No. 4 of 2017 and the administrative obligations as stipulated in Qanun No. 1 of 2024. When examined substantively, Qanun No. 4 of 2017 on Waste Management is a manifestation of the local government's obligation to ensure a clean and healthy environment, as mandated by Article 28H of the 1945 Constitution.[9]

When viewed in light of the provisions of the Qanun, Articles 45 and 46 explicitly provide legal validity and a clear legal basis for the implementation of partnership schemes with business entities, including cooperation with BUMGs, which essentially serve as extensions of technical agencies in waste collection at the residential level.

The existence of this partnership scheme itself has historically stemmed from the view that villages have a sociological and geographical proximity to waste sources, allowing for more intensive collection at a lower cost than if it were carried out entirely by the district's central bureaucracy.

However, although in theory such cooperation is permissible, in practice problems have arisen due to fundamental weaknesses in the qanun itself, specifically the absence of provisions regarding a partnership financing mechanism synchronized with the management of the district budget (APBK). Consequently, in the practical implementation of the PKS, an interpretation has emerged that the collected retribution funds can be directly distributed on-site as compensation for operational services.

The contradiction described above arose when Qanun No. 1 of 2024 came into effect. This Qanun, which is essentially derived from Article 94 of the HKPD Law, classifies sanitation service fees as part of General Service Fees and explicitly states that all fee revenues must be deposited into the Regional Treasury (Article 1, point 9, and the tariff annex). In other words, this indicates that the principle of gross revenue is adopted in public financial management. Since this principle is applied, the implementation of the Qanun prohibits any direct deductions or reductions from revenues that should be received by the regional treasury before such revenues are first deposited into the treasury. If we compare the Qanun with the HKPD Law in simple terms, the overall comparison can be explained as follows:

Comparative Dimensions	**Regulation No. 4 of 2017 (Waste Management)**	**Regulation No. 1 of 2024 (Taxes and Fees)**	**Law No. 1 of 2022 (HKPD Law)**

[9] Fatullah, Ahmad Ari. "Analisis Hak-hak Dasar Lingkungan Hidup Ajaran Saminisme Dalam Prespektif Konstitusi Republik Indonesia Dan Hukum Islam." *Medina-Te: Jurnal Studi Islam* 18, no. 2 (2022): 154-165.

Subject of Regulation	Operational, technical, and institutional aspects of waste management.	Administration of the collection, rates, and remittance of local revenue.	Fiscal standardization and central-local government financial relations.
Cooperation Model	Opening up broad opportunities for partnerships with state-owned enterprises and private businesses (Article 45).	Limited to officially designated tax collectors.	Third parties serve solely to support the optimization of tax collection.
Financial Mechanism	Does not specify the details of the flow of funds from the collection.	100% must be deposited into the local government treasury without exception.	Emphasizing transparency and accountability in local revenue contributions.
Legal Objectives	Environmental benefits and community empowerment.	Administrative legal certainty and fiscal discipline.	Efficiency in the allocation of national resources.

To put it simply, the disharmony described earlier can be classified as both vertical and horizontal normative disharmony. Vertical normative disharmony arises here due to the practice of deducting 35% at the village level, a practice that clearly contradicts the HKPD Law and the Government Regulation on Regional Financial Management.

Meanwhile, horizontal disharmony in this context arises from and can be observed in the contradictions between sectoral environmental regulations and regulations concerning local government revenue. The root causes of this issue can be analyzed using the "Stufentheorie" theory proposed by Hans Kelsen.[10]

When examined through Kelsen's theory, it is actually quite clear that the validity of a norm is determined by a higher-ranking norm; in other words, the norms in the Qanun should not conflict with the HKPD Law and Qanun No. 1 of 2024. Based on this analysis

[10] Ali, Muhammad Husin, Akhmad Saripudin, and Andi Bahri Saputra. "Kedudukan Pancasila Sebagai Norma Dasar Dalam Kasus Pernikahan Beda Agama di IndonesiaTinjauan Teori Hans Kelsen (Stufenbau Theory)." *Jurnal Kolaboratif Sains* 8, no. 1 (2025): 512-520.

alone, it can certainly be explained that the 65/35 revenue-sharing scheme, which is currently intended to be implemented, has a very fragile legal standing.

The impact of this disharmony is very evident, particularly in terms of accountability in local financial management. The practice of "withholding funds" at the village level results in the Local Own-Source Revenue (PAD) recorded by the Environmental Agency amounting to only about 65% of the actual collection potential that should have been realized. This situation not only highlights a discrepancy between revenue potential and actual revenue, but also results in distorted data in local financial reports. Consequently, these reports risk being interpreted by auditors as indications of revenue leakage, inefficiency, or even underreporting, which could ultimately undermine public confidence in the overall governance of public finances.

On the other hand, village officials or BUMG managers who receive and use these funds face the risk of uncertainty regarding the funds' status. If the funds are considered village revenue, they must be included in the Village Budget (APBDesa/APB-Gampong). If they are considered operational expenses of the Environmental Agency, their expenditure lacks a valid budget allocation basis. This situation creates vulnerability to criminal acts of corruption or abuse of authority, even though, in fact, the funds are used for public purposes (purchasing fuel for garbage tricycles and paying staff salaries).

Furthermore, the fee rates established in Qanun No. 1 of 2024 are mandatory. For example, the standard household fee of Rp 20,000 per month must be paid in full as a single unit of the fee. When a 35% deduction (Rp 7,000) is made by the village, from an administrative perspective, this directly indicates a shortfall in payments that the Regency Government must collect from the fee payers; however, this is clearly impractical, as it could lead to unrest in the field and, consequently, social unrest, since the public believes they have already paid the full amount as indicated on the receipt. Beyond the forms and impacts of disharmony described above, the disharmony that occurs can, in essence, be simply explained or categorized into three main forms, which can be described as follows:

a. Violations of the Principles of Gross and Financial Statement Integrity

The application of the gross principle in state or local government finance is undoubtedly a widely used fundamental principle. The use of the gross principle in this context prohibits "netting" or direct deductions before such revenue is first deposited in full into the local government's account or treasury. When considered in conjunction with Qanun No. 1 of 2024, it is explicitly stipulated that the standard rate for the public is Rp. 20,000; however, the current implementation of the scheme directly grants the village the

right to deduct 35% (Rp 7,000) before depositing the remaining 65% (Rp 13,000) into the local treasury.

It is the existence of this scheme that conflicts with or is at odds with the HKPD Law, as such actions can automatically distort the records of Local Own-Source Revenue in the regency's general ledger. The BPK will observe a discrepancy between "actual collection potential" and "cash deposits," which in financial audits are often categorized as PAD leakage or abuse of collection authority.

b. Conflicts of Authority and the Legal Status of Funds

Although Articles 45 and 46 of Qanun 4/2017 provide opportunities for district governments to collaborate with private enterprises and local government-owned enterprises (BUMG) in resource management, these regulations actually leave a significant legal loophole. The main issue lies in the existence of a legal vacuum—or "leemten in het recht"—regarding the technical mechanisms for the flow of funds from levies, which are not regulated in detail. The absence of specific rules regarding the governance of the 35 percent share has led to uncertainty in accounting classification at the regional level, making the operational legal foundation for the parties involved very fragile and prone to procedural errors.

This ambiguity becomes even more apparent when we examine the status of these funds: should they be recorded as staff honoraria or as revenue belonging solely to the BUMG? If the funds are classified as honoraria, the absolute requirement is that a fixed nominal amount be established through the DPA, rather than simply taking a percentage of the total public fees collected. Conversely, if the funds are claimed as BUMG revenue, the use of state attributes such as local levy tickets becomes legally invalid unless there is a contract with an official collection agent paid through the government expenditure mechanism. It is this gray area that ultimately traps village officials in the risk of administrative corruption due to the overlap between government expenditure procedures and unaccountable business revenue.

c. Hierarchical Asynchrony According to Hans Nawiasky's Theory

Hans Nawiasky's theoretical perspective classifies Qanun 1/2024 as a Formell Gesetz, which possesses the authority to regulate public rights and obligations within a broad scope. On the other hand, the PKS document establishing the 65/35 proportional distribution actually holds the status of an Autonome Satzung—an autonomous regulation with a highly limited contractual nature. This difference in legal standing is crucial because autonomous regulations are automatically subordinate to formal laws and thus lack the legitimacy to deviate from higher-ranking provisions. This hierarchy underscores that the validity of the PKS is entirely dependent on the alignment of its

content with the legal norms above it, in order to maintain the integrity of the legislative hierarchy.

The application of the principle that a superior law prevails over an inferior one requires that no provision in the PKS may conflict with the Qanun or the HKPD Law, which serve as the higher legal framework. However, the current practice of direct deductions regulated through the PKS effectively derogates from the explicit mandate of the HKPD Law requiring 100 percent of revenue to be deposited into the regional treasury. This inconsistency creates a serious legal flaw because a contractual agreement has exceeded its authority by disregarding established fiscal procedures. If this is allowed to continue, regional financial management will lose its legal foundation due to the existence of autonomous regulations that conflict with the provisions of a law that holds a stronger legal standing.

2. Legal Harmonization for Conflict Resolution

The existence of this normative disharmony, as described above, essentially requires a concrete solution to the problem; in this context, such a solution can be achieved through legal reconstruction—meaning that the reconstruction involves not merely revising clauses article by article, but rather requires a restructuring of the legal relationships between the district government, the village, and the community itself. In this regard, the researcher proposes several reconstruction mechanisms that can be implemented, and the reconstruction scheme itself can be explained as follows:

a. Application of Integrative Legal Theory and Implementation of the "Gross to APBK" Operational Model

Integrative legal theory can be described as a legal theory that views law as a unified whole—comprising a system of norms, a system of behavior, and a system of values—all of which share the same source: the 1945 Constitution and Pancasila. The existence of the Integrative Legal Theory here implies that law must not be viewed merely as punitive text but must serve as an instrument to achieve the welfare of the people through optimal public service. When this is linked to the issues of villages and waste, a cooperation plan must be implemented in accordance with all applicable regulations in Indonesia and must not be contradictory; thus, the reconstruction can be carried out by shifting from Revenue Sharing (revenue sharing) to Fee for Service (payment for services).

Since this involves a shift from a fee-to-service model to a gross-to-APBK scheme, there is essentially a transformation in the operational model—from the previous mechanism of direct deduction at the source to the new gross-to-APBK scheme. This change impacts not only administrative aspects but also financial management and accountability in the implementation of activities. In this context, the implementation of

the new operational method requires adjustments to procedures and technical mechanisms that are more structured, transparent, and in accordance with statutory regulations. The implementation of the aforementioned operational method can be carried out through the following mechanisms:

1) 100% Deposit: All revenue collected from residents (e.g., Rp 20,000) must be deposited in full into the General Regional Treasury Account (RKUD) of West Aceh Regency as legitimate local revenue. In this regard, to avoid delays and obstacles, the local government must update its collection methods; specifically, the local government must facilitate a scheme involving the implementation of an electronic collection system (e-retribution) that is directly and fully integrated with the local government's treasury account.
2) Service Expenditure Budget: The Regency Government, through the Environmental Agency, must be able to allocate a budget line in the Regency Budget (APBK) for "Payment for Waste Management Services to Village Partners/Village-Owned Enterprises (BUMG)" in the implementation of this reconstruction scheme. The amount of Rp 7,000 (equivalent to 35%) is no longer considered a "revenue-sharing portion" but rather a service fee paid by the Environmental Agency to the village after the village fulfills its operational obligations. With the implementation of this model or scheme, the result is that there are no longer any deductions at the outset, so 100% of the revenue goes into the regional treasury, and this is in accordance with the provisions of the HKPD Law and also Qanun No. 1 of 2024.
3) New Contractual Basis: In the restructuring that has been carried out in this matter, the old cooperation agreement must be revoked and replaced with a new one that reflects a more professional contractual relationship. Under this new partnership scheme, the village, through the Village-Owned Enterprise (BUMG), is positioned solely as a service vendor; and since its role is limited to that of a service vendor, its performance is measured based on the volume of waste transported or the number of households served with proper waste collection.

b. Formalization Through a Regent's Regulation (Perbup)

In light of the implementation of Qanun No. 1 of 2024, the Regent of West Aceh is required to immediately issue a Regent Regulation on Procedures for Waste Management Partnerships as a concrete operational framework. This regulation must be able to establish standardized service fees that are proportionate, taking into account crucial variables such as fluctuations in fuel prices and the maintenance costs of the rickshaw fleet in the field. The determination of waste collection service fees per household must

also include the allocation of a living wage for village officials so that this policy not only focuses on environmental cleanliness but also ensures the welfare of the workers directly involved.

Furthermore, in this context, the Regent's Regulation must first and foremost ensure that the criteria for BUMG partners are met. The legal status of partners is a fundamental aspect that must not be overlooked in drafting the regulation to ensure legal certainty for all parties. BUMGs that become working partners must have valid legal entity status in accordance with the provisions of the Village Law so that their status as legal subjects in cooperation contracts is valid and free from legal defects. This administrative requirement is crucial to ensure that every agreement made with the regency government is legally binding and can be legally enforced in the event of disputes or obstacles during implementation in the future.

In addition to what has been explained above, the government must also establish a rigorous performance monitoring system to ensure that every rupiah of public funds is managed with the utmost transparency and accountability, in accordance with applicable regulations. In this restructuring, payment mechanisms for service procurement must not be carried out haphazardly but must be based on reports of actual work results that have been objectively verified by the DLH oversight team. This tiered verification process is expected to prevent budgetary inefficiencies while ensuring that environmental sanitation services truly operate optimally in accordance with the targets set forth in the partnership contract.

Based on the explanation provided above, it is clear that the restructuring implemented can establish a foundation of legal certainty for all local government agencies involved in the waste management system. Through the restructuring and mechanisms described above, it can be ensured that 100% of local revenue is remitted to the relevant agency, thereby enabling the government to optimally achieve its fiscal targets without having to worry about the risk of future financial audits. This, in turn, automatically provides budgetary legitimacy for village authorities to fund their operations, ensuring that all forms of fund collection have a strong legal basis and are free from criminal liability, such as illegal levies or administrative corruption.

The implementation of the reconstruction described above can also promote fiscal autonomy at the village level through the strategic role of BUMG as professional sanitation service providers. With the flexibility to manage surplus revenues autonomously, each village has a significant opportunity to independently invest in more modern sanitation infrastructure. This transparent relationship not only creates a healthier local financial ecosystem but also fosters a sense of collective responsibility in

preserving the environment through independent and accountable business management.

The Gross Principle is not always ideal because its effectiveness depends on the specific context of the level of government in question. From a fiscal perspective, this principle is indeed ideal for maintaining accountability and transparency, as it ensures that all public revenues are fully deposited into the Regional Treasury before being allocated through the Village Budget (APBK), thereby preventing budget fragmentation and the risk of illegal levies that could trigger findings by the State Audit Agency (BPK).

However, in the context of decentralized services at the village level, such as waste management in Gampong, a rigid application of the Gross Principle can actually hinder the effectiveness of services. The 35% retention scheme designed in the Gampong cooperation plan reflects the principle of subsidiarity in decentralization theory, which grants budgetary flexibility to units closest to the community so they can promptly meet operational needs such as fuel and staff honoraria. If all funds must first pass through the APBK mechanism, the bureaucratic disbursement process risks halting sanitation services.

Thus, the tension here is not between right and wrong, but between fiscal compliance and the responsiveness of public services. In global fiscal governance practices, many OECD countries address this by allowing limited retention schemes accompanied by strict reporting and audit mechanisms as a form of compromise. Therefore, in the case of West Aceh, the Gross Principle still needs to be maintained as a general standard, but it needs to be harmonized with a village partnership model that allows for limited retention accompanied by clear accountability standards so that the public interest remains protected.

CONCLUSION

The inconsistency between Qanun No. 4 of 2017 and Qanun No. 1 of 2024 is evident in the mechanism for remitting local revenue itself. The issue here can be seen in the 35% deduction of funds by the village (Gampong) prior to their deposit into the Regional Treasury, where such a deduction constitutes a direct violation of the Gross Principle mandated by the Regional Revenue and Expenditure Management Law (HKPD) and the Government Regulation on Regional Financial Management. The existence of this problem, in turn, creates administrative legal vulnerabilities for tax collectors and exposes village officials to the risk of criminal prosecution for corruption due to the management of funds outside the APBK mechanism. In light of the existing issues, it can be concluded that harmonization efforts are carried out through the reconstruction of

norms based on Integrative Legal Theory, by shifting the basis of financial relations from revenue sharing to fee-for-service payments. The existence of this method itself requires that all fees (100%) be deposited first into the RKUD, followed by the provision of operational service compensation to the Gampong/BUMG through the allocation of the Environmental Agency's budget in the APBK. This model aligns compliance with national fiscal standards with the urgent need for the decentralization of sanitation services at the community level.

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